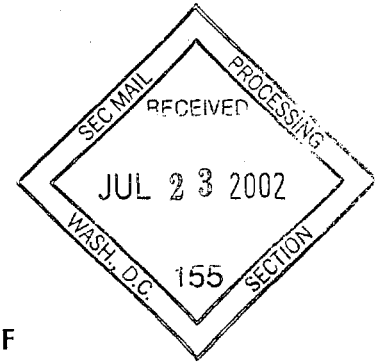




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U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a - 16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the months of April, May and June 2002

6/35

NORAMPAC INC.

752 Sherbrooke Street West  
Montreal, Quebec  
Canada H3A 1G1

(Address of registrant's principal executive offices)

PROCESSED

JUL 25 2002

THOMSON  
FINANCIAL

Indicate by check mark whether the registrant files or will file annual reports under cover of  
Form 20-F or Form 40-F.

Form 20-F  X  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is  
also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the  
Securities Exchange Act of 1934.

Yes   No  X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with  
Rule 12g3-2(b):

This Report of Foreign Private Issuer on Form 6-K is being filed with the Securities and Exchange Commission by Norampac Inc. (the "Corporation") for the purpose of providing the information set forth in:

- a press release issued by the Corporation on July 19, 2002 regarding the results of the Corporation for the second quarter of 2002, a copy of which is filed hereto as Exhibit 1 and incorporated herein by reference; and
- the second quarterly report of the Corporation (for the period ended June 30, 2002) a copy of which is filed hereto as Exhibit 2 and incorporated herein by reference.

## **Exhibit Index**

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| <b><u>Exhibit Number</u></b> | <b><u>Document</u></b>                                 |
|------------------------------|--|
| 1                            | Press release issued by Norampac Inc. on July 19, 2002 |
| 2                            | Second Quarterly Report of Norampac Inc.               |

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORAMPAC INC.

By:   
Brigitte Dufour  
Legal Counsel and Assistant Secretary

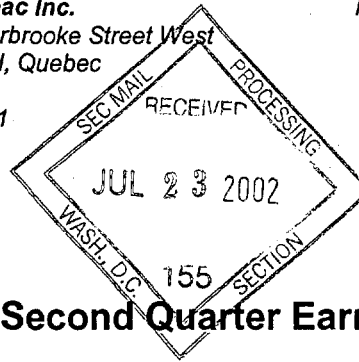
Date: July 22, 2002



**Norampac**

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 H3A 1G1

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## **Norampac Reports its Second Quarter Earnings**

*Montreal, Quebec, July 19, 2002* — Norampac Inc. ("Norampac") reports net earnings of \$21 million for the second quarter of 2002, compared to restated net earnings of \$36 million (\$26 million before restatement) for the same quarter in 2001. The 2001 results were restated to apply the new CICA guidelines on foreign currency translation, which eliminates the deferral and amortization for unrealized exchange gains or losses. The 2001 results also included a \$8 million reduction in income taxes due to a decrease in the enacted tax rates.

Net sales for the second quarter were \$324 million, compared to \$286 million for the same quarter in 2001. The increase in net sales for the second quarter is mostly attributable to additional volume from the New York and Leominster converting facilities as well as an increase of 14% in shipments of containerboard. Shipments of corrugated containers, not taking into account the recently acquired facilities, were up 8% in the second quarter 2002 compared to the same quarter in 2001 and were 14% higher than the first quarter 2002.

Earnings before financial expenses, taxes, depreciation and amortization (EBITDA) amounted to \$53 million in the second quarter, compared to \$55 million for the corresponding quarter in 2001. The reduction is mainly attributable to a 16% increase in fiber cost and a reduction of 11% in the net selling price of containerboard. Additional volume for both containerboard and corrugated boxes mostly offset the cost increase.

During the quarter, market related downtime amounted to 24,000 short tons or 6.5% of the Company's North American primary mill capacity.

Commenting on the quarterly results, Mr. Alain Lemaire, President and Chief Executive Officer, said: "This quarter has been challenging considering the significant cost increase of recycled fiber. I am however pleased with the profitability from our converting operations. Corrugated boxes shipments not considering the Leominster and New York acquisitions were up 8% over the same quarter last year, which is outstanding."

---

### **Highlights**

- Increased volume for both containerboard and corrugated boxes;
  - 16% increase in fiber cost compared to the second quarter of 2001;
  - Reduction of 11% of net selling price for containerboard and 4% for corrugated products compared to the second quarter of 2001;
  - Market related downtime of 24,000 short tons during the second quarter, compared to 41,500 short tons in 2001;
  - Price increases for both containerboard and corrugated boxes to be implemented in July;
  - Major maintenance done during the quarter, for Red Rock's virgin fiber linerboard mill.
-

Commenting on the outlook for the remaining of 2002, Mr. Lemaire said: "I am confident that the economic environment should continue to improve for the balance of the year. I expect price increases of US \$40 for medium and US \$30 for linerboard will be implemented in the third quarter, as well as a 9% price increase for corrugated boxes. This increase should allow to offset the recent upswing observed in recycled fiber. However, we have noticed this upward trend in old corrugated container (OCC) prices has recently receded as a result of lower buying pressure, mostly from Asia. "

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*Norampac owns eight containerboard mills and twenty-six corrugated products plants in the United States, Canada, Mexico and France. With an annual production capacity of more than 1.6 million short tons, Norampac is the largest containerboard producer in Canada and the 7<sup>th</sup> largest in North America. Norampac, which is also a major Canadian manufacturer of corrugated products, is a joint venture company owned by Domtar Inc. (symbol: DTC-TSX) and Cascades Inc. (symbol: CAS-TSX).*

*Certain statements in this release, including statements regarding future results and performance, are forward-looking statements (as such term is defined under the Private Securities Litigation Reform Act of 1995) based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for the Company's products, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors listed in the Company's Securities and Exchange Commission Filings, including but not limited to its Annual Report in Form 20-F for the year ended December 31, 2001.*

-30-

**For further information:**

Mr. Richard Garneau  
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Mr. Luciano Ciarciello  
Corporate Controller  
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Norampac

## Consolidated Balance Sheets

(in thousands of Canadian dollars)

|   | As at<br>June 30,<br>2002<br>(unaudited) | As at<br>December<br>31, 2001<br>Restated (see<br>note 2) |
|---|--|---|
| <b>Assets</b>                                       |  |   |
| <b>Current Assets</b>                               |  |   |
| Cash and cash equivalents                           | 14,643                                   | 12,146  |
| Accounts receivable and prepaid expenses            | 214,638                                  | 183,156   |
| Inventories   | 120,277                                  | 122,348   |
|   | 349,558                                  | 317,650   |
| <b>Property, plant and equipment</b>                | 915,362                                  | 913,658   |
| <b>Goodwill (note 3)</b>                            | 200,196                                  | 168,161   |
| <b>Other assets</b>                                 | 27,174                                   | 35,585  |
|   | 1,492,290                                | 1,435,054   |
| <b>Liabilities and shareholders' equity</b>         |  |   |
| <b>Current liabilities</b>                          |  |   |
| Excess of outstanding cheques over bank<br>balances | 19,372                                   | 19,929  |
| Trade accounts payable and accrued liabilities      | 164,550                                  | 161,109   |
| Income and other taxes payable                      | 171                                      | 18,844  |
| Current portion of long-term debt                   | 1,677                                    | 1,529   |
|   | 185,770                                  | 201,411   |
| <b>Long-term debt</b>                               | 435,926                                  | 374,853   |
| <b>Future income taxes</b>                          | 139,414                                  | 133,800   |
| <b>Other liabilities</b>                            | 34,868                                   | 33,507  |
| <b>Shareholders' equity</b>                         |  |   |
| Capital stock                                       | 560,000                                  | 560,000   |
| Retained earnings                                   | 131,362                                  | 127,045   |
| Cumulative translation adjustments                  | 4,950                                    | 4,438   |
|   | 696,312                                  | 691,483   |
|   | 1,492,290                                | 1,435,054   |

The accompanying notes are an integral part of the financial statements.

# Consolidated Statements of Earnings

(in thousands of Canadian dollars)

(unaudited)

|  | For the three month period<br>ended June 30, |                          | For the six month period<br>ended June 30, |                          |
|--|--|--------------------------|--|--------------------------|
|  | 2002   | 2001                     | 2002                                       | 2001                     |
|  |  | Restated<br>(see note 2) |  | Restated<br>(see note 2) |
| <b>Sales</b>   | 350,302                                      | 307,018                  | 647,596                                    | 580,857                  |
| Cost of delivery   | 25,969                                       | 20,593                   | 48,381                                     | 41,569                   |
| <b>Net sales</b>   | 324,333                                      | 286,425                  | 599,215                                    | 539,288                  |
| <b>Cost of goods sold and expenses</b>                               |  |                          |  |                          |
| Cost of goods sold   | 233,948                                      | 198,996                  | 423,966                                    | 371,025                  |
| Selling and administrative expenses                                  | 37,683                                       | 32,743                   | 72,877                                     | 60,945                   |
| Depreciation and amortization  | 18,063                                       | 17,478                   | 35,380                                     | 34,314                   |
|  | 289,694                                      | 249,217                  | 532,223                                    | 466,284                  |
| <b>Operating income</b>  | 34,639                                       | 37,208                   | 66,992                                     | 73,004                   |
| <b>Financial expenses</b>  |  |                          |  |                          |
| Interests  | 8,694  | 7,679                    | 17,676                                     | 14,241                   |
| Amortization of financing costs                                      | 323  | 322                      | 645  | 645                      |
| Unrealized exchange (gain) loss<br>on long term debt (note 2)        | (3,740)                                      |                          |  | 2,625                    |
|  |  | (8,955)                  | (3,695)                                    |                          |
|  | 5,277  | (954)                    | 14,626                                     | 17,511                   |
|  | 29,362                                       | 38,162                   | 52,366                                     | 55,493                   |
| <b>Income tax expense</b>  | 8,593  | 2,617                    | 16,049                                     | 13,769                   |
|  | 20,769                                       | 35,545                   | 36,317                                     | 41,724                   |
| <b>Share of income of equity-<br/>accounted investments (note 4)</b> | -  | 151                      | -  | 468                      |
| <b>Net income for the period</b>                                     | 20,769                                       | 35,696                   | 36,317                                     | 42,192                   |

*The accompanying notes are an integral part of the financial statements.*



Norampac

## Consolidated Statements of Retained Earnings

(in thousands of Canadian dollars)

(unaudited)

For the six month period  
ended June 30,

|   | 2002            | 2001                     |
|---|-----------------|--------------------------|
|   |                 | Restated<br>(see note 2) |
| <b>Balance, at beginning of period</b>                | <b>127,045</b>  | <b>103,210</b>           |
| Cumulative effect of a change in an accounting policy |                 |                          |
| - Foreign Currency Translation (note 2)               | -               | (5,764)                  |
| Net income for the period                             | <b>36,317</b>   | <b>42,192</b>            |
| Dividend paid during the period                       | <b>(32,000)</b> | <b>-</b>                 |
| <b>Balance, at end of period</b>                      | <b>131,362</b>  | <b>139,638</b>           |

*The accompanying notes are an integral part of the financial statements.*

# Consolidated Statements of Cash Flow

(in thousands of Canadian dollars)

(unaudited)

|   | For the three month period<br>ended June 30, |                          | For the six month period<br>ended June 30, |                          |
|---|--|--------------------------|--|--------------------------|
|   | 2002   | 2001                     | 2002                                       | 2001                     |
|   |  | Restated<br>(see note 2) |  | Restated<br>(see note 2) |
| <b>Cash flows from:</b>   |  |                          |  |                          |
| <b>Operating activities</b>   |  |                          |  |                          |
| Net income for the period   | 20,769                                       | 35,696                   | 36,317                                     | 42,192                   |
| Adjustments for:  |  |                          |  |                          |
| Depreciation and amortization   | 18,063                                       | 17,478                   | 35,380                                     | 34,314                   |
| Future income taxes   | 1,439  | (6,869)                  | 3,193                                      | (1,486)                  |
| Loss on disposal of property,<br>plant & equipment                          | 836  | 972                      | 1,049                                      | 1,139                    |
| Unrealized exchange (gain) loss<br>on long term debt (note 2)               | (3,740)                                      | (8,955)                  | (3,695)                                    | 2,625                    |
| Share of income of equity-accounted<br>investments                          | -  | (151)                    | -  | (468)                    |
| Other   | 1,403  | (87)                     | 1,864                                      | 554                      |
| Cash flow from operating activities   | 38,770                                       | 38,084                   | 74,108                                     | 78,870                   |
| Changes in non-cash working capital<br>components                           | 3,935  | 9,156                    | (36,076)                                   | (21,409)                 |
|   | 42,705                                       | 47,240                   | 38,032                                     | 57,461                   |
| <b>Financing activities</b>   |  |                          |  |                          |
| Change in revolving bank credit facility                                    | (17,387)                                     | 2,729                    | 69,714                                     | 2,869                    |
| Increase in long-term debt  | 889  | -                        | 889  | -                        |
| Repayments of long-term debt  | (172)  | (85)                     | (299)                                      | (169)                    |
| Change in excess of outstanding cheques over<br>bank balances               | (5,070)                                      | (619)                    | (557)                                      | (351)                    |
| Dividend paid   | -  | -                        | (32,000)                                   | -                        |
|   | (21,740)                                     | 2,025                    | 37,747                                     | 2,349                    |
| <b>Investing activities</b>   |  |                          |  |                          |
| Additions to property, plant and equipment, net                             | (10,935)                                     | (21,984)                 | (19,796)                                   | (29,828)                 |
| Business acquisitions, net of cash<br>and cash equivalents (note 4)         | (1,539)                                      | (50,934)                 | (53,201)                                   | (50,934)                 |
| Other assets, net   | 237  | (1,260)                  | 27   | (2,390)                  |
|   | (12,237)                                     | (74,178)                 | (72,970)                                   | (83,152)                 |
| <b>Change in cash and cash equivalents<br/>during the period</b>            | 8,728  | (24,913)                 | 2,809                                      | (23,342)                 |
| <b>Translation adjustment with respect<br/>to cash and cash equivalents</b> | (419)  | (404)                    | (312)                                      | 60                       |
| Cash and cash equivalents at<br>beginning of period                         | 6,334  | 40,093                   | 12,146                                     | 38,058                   |
| <b>Cash and cash equivalents at<br/>end of period</b>                       | 14,643                                       | 14,776                   | 14,643                                     | 14,776                   |
| <b>Supplemental information</b>   |  |                          |  |                          |
| <b>Cash and cash equivalents paid for:</b>                                  |  |                          |  |                          |
| Interest  | 989  | 573                      | 17,653                                     | 16,300                   |
| Income taxes  | 14,739                                       | 2,296                    | 31,808                                     | 3,532                    |
| <b>Non cash investing activities</b>  |  |                          |  |                          |
| Transfer of assets in exchange of<br>non monetary assets (note 4)           | -  | -                        | 12,791                                     | -                        |

The accompanying notes are an integral part of the financial statements.



Norampac

## Segmented information

(in thousands of Canadian dollars)

(unaudited)

|  | For the three month period<br>ended June 30, |                | For the six month period<br>ended June 30, |                |
|--|--|----------------|--|----------------|
|  | 2002   | 2001           | 2002                                       | 2001           |
| <b>Sales</b>                             |  |                |  |                |
| Containerboard                           | 193,557                                      | 188,686        | 364,570                                    | 377,997        |
| Corrugated products                      | 258,368                                      | 211,779        | 482,874                                    | 406,152        |
| Total for reportable segments            | 451,925                                      | 400,465        | 847,444                                    | 784,149        |
| Other activities and unallocated amounts | 15,227                                       | 9,608          | 23,302                                     | 9,608          |
| Intersegment sales                       | (116,850)                                    | (103,055)      | (223,150)                                  | (212,900)      |
| <b>Consolidated Sales</b>                | <b>350,302</b>                               | <b>307,018</b> | <b>647,596</b>                             | <b>580,857</b> |

### Earnings before financial expenses, income taxes, depreciation and amortization

|   |               |               |                |                |
|---|---------------|---------------|----------------|----------------|
| Containerboard  | 19,931        | 32,026        | 45,817         | 67,142         |
| Corrugated products   | 28,719        | 19,141        | 50,448         | 35,450         |
| Total for reportable segments   | 48,650        | 51,167        | 96,265         | 102,592        |
| Other activities and unallocated amounts  | 4,052         | 3,519         | 6,107          | 4,726          |
| <b>Consolidated earnings before financial<br/>expenses, income taxes, depreciation<br/>and amortization</b> | <b>52,702</b> | <b>54,686</b> | <b>102,372</b> | <b>107,318</b> |
| Depreciation and amortization   | 18,063        | 17,478        | 35,380         | 34,314         |
| <b>Consolidated operating income</b>  | <b>34,639</b> | <b>37,208</b> | <b>66,992</b>  | <b>73,004</b>  |

### Additions to property, plant and equipment, net

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Containerboard  | 6,185         | 6,340         | 12,314        | 10,049        |
| Corrugated products   | 3,076         | 15,178        | 6,040         | 19,000        |
| Total for reportable segments   | 9,261         | 21,518        | 18,354        | 29,049        |
| Other activities and unallocated amounts                                | 1,674         | 466           | 1,442         | 779           |
| <b>Consolidated additions to property,<br/>plant and equipment, net</b> | <b>10,935</b> | <b>21,984</b> | <b>19,796</b> | <b>29,828</b> |

### Shipments

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Containerboard third party (in short tonnes)      | 186,541   | 179,589   | 343,585   | 346,258   |
| Containerboard intersegment (in short tonnes)     | 197,928   | 157,621   | 377,613   | 317,407   |
| Corrugated products (in thousands of square feet) | 3,406,930 | 2,684,383 | 6,332,365 | 5,153,429 |

## Notes to interim consolidated financial statements

(in thousands of Canadian dollars)  
(unaudited)

### Note 1 Basis of Presentation

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and contain all adjustments necessary to present fairly Norampac Inc.'s (the Company) financial position as at June 30, 2002 and December 31, 2001 as well as its results of operations and its cash flow for the six and three month period ended June 30, 2002 and 2001.

The interim consolidated financial statements and notes should be read in conjunction with the Company's most recent annual consolidated financial statements.

These interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements except for the changes described in note 2.

### Note 2 Change in accounting policies

#### **Foreign Currency Translation**

On November 2001, the CICA amended section 1650 "Foreign Currency Translation" which eliminates the deferral and amortization method for unrealized gains and losses on non-current monetary assets and liabilities, thereby removing a GAAP difference between Canada and U.S. The new guideline is effective for fiscal year 2002 and must be applied retroactively with restatement. Accordingly, net income for the six month period ending June 30, 2001 has been decreased by \$1,852; net income for the three month period ending June 30, 2001 has been increased by \$9,330 and 2001 opening retained earnings has decreased by \$5,764.

#### **Goodwill and Other Intangible Assets**

In July 2001, the CICA issued Handbook Section 3062 "Goodwill and Other Intangible Assets". Section 3062 requires the use of a non-amortization approach to account for purchased goodwill and indefinite-lived intangibles. Under the non-amortization approach, goodwill and indefinite-lived intangibles will not be amortized, but instead would be reviewed for impairment and written down and charged to earnings only in the periods in which the recorded value of goodwill and indefinite-lived intangibles exceeds their fair value. The adoption of Section 3062 requires the Company to use the non-amortization approach for goodwill related to business combinations initiated prior to July 1, 2001 and will reduce annual goodwill amortization by approximately \$7,477. The Company has adopted the discounted cash flow method as its new goodwill impairment methodology and has determined that as at January 1, 2002, there is no goodwill impairment.

#### **Designation of hedging**

Effective January 1, 2002, the Company designated a portion of the long term debt as a hedge of the net investment of its self-sustaining operations. As of January 1, 2002, any unrealized gains or losses on the hedged portion is offset against cumulative translation adjustments.

# Notes to interim consolidated financial statements

(in thousands of Canadian dollars)

## Note 3 Goodwill

|   | 2002    |
|---|---------|
| Carrying value of goodwill at the beginning of the period | 168,161 |
| Goodwill acquired from acquisitions (note 4)              | 33,195  |
| Other   | (1,160) |
| Carrying value of goodwill at the end of the period       | 200,196 |

|   | For the three month period<br>ended June 30, |                          | For the six month period<br>ended June 30, |                          |
|---|--|--------------------------|--|--------------------------|
|   | 2002   | 2001                     | 2002                                       | 2001                     |
|   |  | Restated<br>(see note 2) |  | Restated<br>(see note 2) |
| Reported net income for the period (note 2) | 20,769                                       | 35,696                   | 36,317                                     | 42,192                   |
| Add back: Goodwill Amortization, net of tax | -  | 1,852                    | -  | 3,704                    |
| Adjusted net income                         | 20,769                                       | 37,548                   | 36,317                                     | 45,896                   |

## Note 4 Business Acquisition

On January 2, 2002, the Company transferred the assets of its Paper Recovery Division, which were acquired on April 12, 2001 from Crown Packaging Ltd., to Metro Waste Paper Recovery Inc. ("Metro Waste") in exchange for an additional 18.5% common shares of Metro Waste. The Company's participation in Metro Waste increased from 27.5% to 46%.

On January 21, 2002, the Company acquired all the issued and outstanding shares of Star Container Corp. ("Leominster") a corrugated products converting plant located in Leominster, Massachusetts, near Boston, USA, for a total consideration of approximately \$50,489 (US\$ 31,310).

The above transactions have been accounted for using the purchase method and the accounts and results of operations have been included into the consolidated financial statements since their respective acquisition date. The allocation of the purchase price for the above acquisitions is as follows:

|  | Metro Waste <sup>(1)</sup> | Leominster    | Other        | Total         |
|--|----------------------------|---------------|--------------|---------------|
| <b>Net assets acquired (liabilities assumed) :</b> |                            |               |              |               |
| Working capital                                    | 1,361                      | 5,140         | 1,525        | 8,026         |
| Property, plant and equipment                      | 8,642                      | 18,771        | 1,109        | 28,522        |
| Other assets                                       | -                          | 139           | 60           | 199           |
| Goodwill, not deductible for tax                   | 3,153                      | 30,021        | 21           | 33,195        |
| Future Income taxes                                | -                          | (3,582)       | (3)          | (3,585)       |
| Other long term liabilities                        | (365)                      | -             | -            | (365)         |
| <b>Purchase Price</b>                              | <b>12,791</b>              | <b>50,489</b> | <b>2,712</b> | <b>65,992</b> |

### Less:

Transfer of assets in exchange  
of non monetary assets

12,791 - - 12,791

### Cash paid net of cash and cash equivalents acquired

- 50,489 2,712 53,201

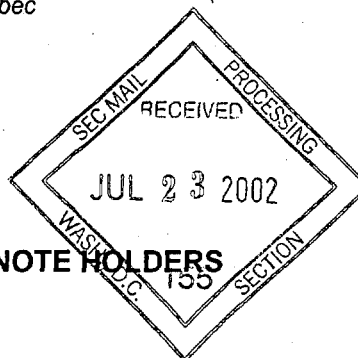
(1) The purchase price allocation for Metro Waste has not yet been finalized and is based on the Company's best estimate. Accordingly, the fair values of assets acquired and liabilities assumed could differ from the amounts presented in these interim consolidated financial statements. Effective January 2, 2002, the Company's interest in Metro Waste is accounted for using the proportionate consolidation method. For the six and three month period ending June 30, 2002 the Company's consolidated net earnings includes \$874 and \$284 respectively (six and three month period ending June 30, 2001- \$333 and \$157) of net earnings from Metro Waste.



## Norampac

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Facsimile: (514) 282-2650



### MESSAGE TO THE SENIOR NOTE HOLDERS

#### Norampac Reports its Second Quarter Earnings

Norampac Inc. ("Norampac") reports net earnings of \$21 million for the second quarter of 2002, compared to restated net earnings of \$36 million (\$26 million before restatement) for the same quarter in 2001. The 2001 results were restated to apply the new CICA guidelines on foreign currency translation, which eliminates the deferral and amortization for unrealized exchange gains or losses. The 2001 results also included a \$8 million reduction in income taxes due to a decrease in the enacted tax rates.

Net sales for the second quarter were \$324 million, compared to \$286 million for the same quarter in 2001. The increase in net sales for the second quarter is mostly attributable to additional volume from the New York and Leominster converting facilities as well as an increase of 14% in shipments of containerboard. Shipments of corrugated containers, not taking into account the recently acquired facilities, were up 8% in the second quarter 2002 compared to the same quarter in 2001 and were 14% higher than the first quarter 2002.

Earnings before financial expenses, taxes, depreciation and amortization (EBITDA) amounted to \$53 million in the second quarter, compared to \$55 million for the corresponding quarter in 2001. The reduction is mainly attributable to a 16% increase in fiber cost and a reduction of 11% in the net selling price of containerboard. Additional volume for both containerboard and corrugated boxes mostly offset the cost increase.

During the quarter, market related downtime amounted to 24,000 short tons or 6.5% of the Company's North American primary mill capacity.

Commenting on the quarterly results, Mr. Alain Lemaire, President and Chief Executive Officer, said: "This quarter has been challenging considering the significant cost increase of recycled fiber. I am however pleased with the profitability from our converting operations. Corrugated boxes shipments not considering the Leominster and New York acquisitions were up 8% over the same quarter last year, which is outstanding."

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#### Highlights

- Increased volume for both containerboard and corrugated boxes;
- 16% increase in fiber cost compared to the second quarter of 2001;
- Reduction of 11% of net selling price for containerboard and 4% for corrugated products compared to the second quarter of 2001;
- Market related downtime of 24,000 short tons during the second quarter, compared to 41,500 short tons in 2001;

- Price increases for both containerboard and corrugated boxes to be implemented in July;
  - Major maintenance done during the quarter, for Red Rock's virgin fiber linerboard mill.
- 

Commenting on the outlook for the remaining of 2002, Mr. Lemaire said: "I am confident that the economic environment should continue to improve for the balance of the year. I expect price increases of US \$40 for medium and US \$30 for linerboard will be implemented in the third quarter, as well as a 9% price increase for corrugated boxes. This increase should allow to offset the recent upswing observed in recycled fiber. However, we have noticed this upward trend in old corrugated container (OCC) prices has recently receded as a result of lower buying pressure, mostly from Asia. "

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*Norampac owns eight containerboard mills and twenty-six corrugated products plants in the United States, Canada, Mexico and France. With an annual production capacity of more than 1.6 million short tons, Norampac is the largest containerboard producer in Canada and the 7<sup>th</sup> largest in North America. Norampac, which is also a major Canadian manufacturer of corrugated products, is a joint venture company owned by Domtar Inc. (symbol: DTC-TSX) and Cascades Inc. (symbol: CAS-TSX).*

*Certain statements in this release, including statements regarding future results and performance, are forward-looking statements (as such term is defined under the Private Securities Litigation Reform Act of 1995) based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for the Company's products, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors listed in the Company's Securities and Exchange Commission Filings, including but not limited to its Annual Report in Form 20-F for the year ended December 31, 2001.*



Norampac

# Consolidated Balance Sheets

(in thousands of Canadian dollars)

|   | As at<br>June 30,<br>2002<br>(unaudited) | As at<br>December<br>31, 2001<br>Restated (see<br>note 2) |
|---|--|---|
| <b>Assets</b>                                       |  |   |
| <b>Current Assets</b>                               |  |   |
| Cash and cash equivalents                           | 14,643                                   | 12,146  |
| Accounts receivable and prepaid expenses            | 214,638                                  | 183,156   |
| Inventories   | 120,277                                  | 122,348   |
|   | 349,558                                  | 317,650   |
| <b>Property, plant and equipment</b>                | 915,362                                  | 913,658   |
| <b>Goodwill (note 3)</b>                            | 200,196                                  | 168,161   |
| <b>Other assets</b>                                 | 27,174                                   | 35,585  |
|   | 1,492,290                                | 1,435,054   |
| <b>Liabilities and shareholders' equity</b>         |  |   |
| <b>Current liabilities</b>                          |  |   |
| Excess of outstanding cheques over bank<br>balances | 19,372                                   | 19,929  |
| Trade accounts payable and accrued liabilities      | 164,550                                  | 161,109   |
| Income and other taxes payable                      | 171                                      | 18,844  |
| Current portion of long-term debt                   | 1,677                                    | 1,529   |
|   | 185,770                                  | 201,411   |
| <b>Long-term debt</b>                               | 435,926                                  | 374,853   |
| <b>Future income taxes</b>                          | 139,414                                  | 133,800   |
| <b>Other liabilities</b>                            | 34,868                                   | 33,507  |
| <b>Shareholders' equity</b>                         |  |   |
| Capital stock                                       | 560,000                                  | 560,000   |
| Retained earnings                                   | 131,362                                  | 127,045   |
| Cumulative translation adjustments                  | 4,950                                    | 4,438   |
|   | 696,312                                  | 691,483   |
|   | 1,492,290                                | 1,435,054   |

*The accompanying notes are an integral part of the financial statements.*

# Consolidated Statements of Earnings

(in thousands of Canadian dollars)

(unaudited)

|  | For the three month period<br>ended June 30, |                          | For the six month period<br>ended June 30, |                          |
|--|--|--------------------------|--|--------------------------|
|  | 2002   | 2001                     | 2002                                       | 2001                     |
|  |  | Restated<br>(see note 2) |  | Restated<br>(see note 2) |
| <b>Sales</b>   | 350,302                                      | 307,018                  | 647,596                                    | 580,857                  |
| Cost of delivery   | 25,969                                       | 20,593                   | 48,381                                     | 41,569                   |
| <b>Net sales</b>   | 324,333                                      | 286,425                  | 599,215                                    | 539,288                  |
| <b>Cost of goods sold and expenses</b>                               |  |                          |  |                          |
| Cost of goods sold   | 233,948                                      | 198,996                  | 423,966                                    | 371,025                  |
| Selling and administrative expenses                                  | 37,683                                       | 32,743                   | 72,877                                     | 60,945                   |
| Depreciation and amortization  | 18,063                                       | 17,478                   | 35,380                                     | 34,314                   |
|  | 289,694                                      | 249,217                  | 532,223                                    | 466,284                  |
| <b>Operating income</b>  | 34,639                                       | 37,208                   | 66,992                                     | 73,004                   |
| <b>Financial expenses</b>  |  |                          |  |                          |
| Interests  | 8,694  | 7,679                    | 17,676                                     | 14,241                   |
| Amortization of financing costs                                      | 323  | 322                      | 645  | 645                      |
| Unrealized exchange (gain) loss<br>on long term debt (note 2)        | (3,740)                                      | (8,955)                  | (3,695)                                    | 2,625                    |
|  | 5,277  | (954)                    | 14,626                                     | 17,511                   |
|  | 29,362                                       | 38,162                   | 52,366                                     | 55,493                   |
| <b>Income tax expense</b>  | 8,593  | 2,617                    | 16,049                                     | 13,769                   |
|  | 20,769                                       | 35,545                   | 36,317                                     | 41,724                   |
| <b>Share of income of equity-<br/>accounted investments (note 4)</b> | -  | 151                      | -  | 468                      |
| <b>Net income for the period</b>                                     | 20,769                                       | 35,696                   | 36,317                                     | 42,192                   |

*The accompanying notes are an integral part of the financial statements.*



Norampac

## Consolidated Statements of Retained Earnings

(in thousands of Canadian dollars)

(unaudited)

For the six month period  
ended June 30,

|   | <b>2002</b>     | <b>2001</b>              |
|---|-----------------|--------------------------|
|   |                 | Restated<br>(see note 2) |
| <b>Balance, at beginning of period</b>                | <b>127,045</b>  | 103,210                  |
| Cumulative effect of a change in an accounting policy |                 |                          |
| - Foreign Currency Translation (note 2)               | -               | (5,764)                  |
| Net income for the period                             | <b>36,317</b>   | 42,192                   |
| Dividend paid during the period                       | <b>(32,000)</b> | -                        |
| <b>Balance, at end of period</b>                      | <b>131,362</b>  | 139,638                  |

*The accompanying notes are an integral part of the financial statements.*

# Consolidated Statements of Cash Flow

(in thousands of Canadian dollars)

(unaudited)

|   | For the three month period<br>ended June 30, |                          | For the six month period<br>ended June 30, |                          |
|---|--|--------------------------|--|--------------------------|
|   | 2002   | 2001                     | 2002                                       | 2001                     |
|   |  | Restated<br>(see note 2) |  | Restated<br>(see note 2) |
| <b>Cash flows from:</b>   |  |                          |  |                          |
| <b>Operating activities</b>   |  |                          |  |                          |
| Net income for the period   | 20,769                                       | 35,696                   | 36,317                                     | 42,192                   |
| Adjustments for:  |  |                          |  |                          |
| Depreciation and amortization   | 18,063                                       | 17,478                   | 35,380                                     | 34,314                   |
| Future income taxes   | 1,439  | (6,869)                  | 3,193                                      | (1,486)                  |
| Loss on disposal of property,<br>plant & equipment                          | 836  | 972                      | 1,049                                      | 1,139                    |
| Unrealized exchange (gain) loss<br>on long term debt (note 2)               | (3,740)                                      | (8,955)                  | (3,695)                                    | 2,625                    |
| Share of income of equity-accounted<br>investments                          | -  | (151)                    | -  | (468)                    |
| Other   | 1,403  | (87)                     | 1,864                                      | 554                      |
| Cash flow from operating activities   | 38,770                                       | 38,084                   | 74,108                                     | 78,870                   |
| Changes in non-cash working capital<br>components                           | 3,935  | 9,156                    | (36,076)                                   | (21,409)                 |
|   | 42,705                                       | 47,240                   | 38,032                                     | 57,461                   |
| <b>Financing activities</b>   |  |                          |  |                          |
| Change in revolving bank credit facility                                    | (17,387)                                     | 2,729                    | 69,714                                     | 2,869                    |
| Increase in long-term debt  | 889  | -                        | 889  | -                        |
| Repayments of long-term debt  | (172)  | (85)                     | (299)                                      | (169)                    |
| Change in excess of outstanding cheques over<br>bank balances               | (5,070)                                      | (619)                    | (557)                                      | (351)                    |
| Dividend paid   | -  | -                        | (32,000)                                   | -                        |
|   | (21,740)                                     | 2,025                    | 37,747                                     | 2,349                    |
| <b>Investing activities</b>   |  |                          |  |                          |
| Additions to property, plant and equipment, net                             | (10,935)                                     | (21,984)                 | (19,796)                                   | (29,828)                 |
| Business acquisitions, net of cash<br>and cash equivalents (note 4)         | (1,539)                                      | (50,934)                 | (53,201)                                   | (50,934)                 |
| Other assets, net   | 237  | (1,260)                  | 27   | (2,390)                  |
|   | (12,237)                                     | (74,178)                 | (72,970)                                   | (83,152)                 |
| <b>Change in cash and cash equivalents<br/>during the period</b>            | 8,728  | (24,913)                 | 2,809                                      | (23,342)                 |
| <b>Translation adjustment with respect<br/>to cash and cash equivalents</b> | (419)  | (404)                    | (312)                                      | 60                       |
| Cash and cash equivalents at<br>beginning of period                         | 6,334  | 40,093                   | 12,146                                     | 38,058                   |
| <b>Cash and cash equivalents at<br/>end of period</b>                       | 14,643                                       | 14,776                   | 14,643                                     | 14,776                   |
| <b>Supplemental information</b>   |  |                          |  |                          |
| <b>Cash and cash equivalents paid for:</b>                                  |  |                          |  |                          |
| Interest  | 989  | 573                      | 17,653                                     | 16,300                   |
| Income taxes  | 14,739                                       | 2,296                    | 31,808                                     | 3,532                    |
| <b>Non cash investing activities</b>  |  |                          |  |                          |
| Transfer of assets in exchange of<br>non monetary assets (note 4)           | -  | -                        | 12,791                                     | -                        |

The accompanying notes are an integral part of the financial statements.

## Segmented information

(in thousands of Canadian dollars)

(unaudited)

|  | For the three month period<br>ended June 30, |                | For the six month period<br>ended June 30, |                |
|--|--|----------------|--|----------------|
|  | 2002   | 2001           | 2002                                       | 2001           |
| <b>Sales</b>                             |  |                |  |                |
| Containerboard                           | 193,557                                      | 188,686        | 364,570                                    | 377,997        |
| Corrugated products                      | 258,368                                      | 211,779        | 482,874                                    | 406,152        |
| Total for reportable segments            | 451,925                                      | 400,465        | 847,444                                    | 784,149        |
| Other activities and unallocated amounts | 15,227                                       | 9,608          | 23,302                                     | 9,608          |
| Intersegment sales                       | (116,850)                                    | (103,055)      | (223,150)                                  | (212,900)      |
| <b>Consolidated Sales</b>                | <b>350,302</b>                               | <b>307,018</b> | <b>647,596</b>                             | <b>580,857</b> |

### Earnings before financial expenses, income taxes, depreciation and amortization

|  |        |        |        |         |
|--|--------|--------|--------|---------|
| Containerboard                           | 19,931 | 32,026 | 45,817 | 67,142  |
| Corrugated products                      | 28,719 | 19,141 | 50,448 | 35,450  |
| Total for reportable segments            | 48,650 | 51,167 | 96,265 | 102,592 |
| Other activities and unallocated amounts | 4,052  | 3,519  | 6,107  | 4,726   |

### Consolidated earnings before financial expenses, income taxes, depreciation and amortization

|                                      |               |               |               |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 52,702        | 54,686        | 102,372       | 107,318       |
| Depreciation and amortization        | 18,063        | 17,478        | 35,380        | 34,314        |
| <b>Consolidated operating income</b> | <b>34,639</b> | <b>37,208</b> | <b>66,992</b> | <b>73,004</b> |

### Additions to property, plant and equipment, net

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Containerboard  | 6,185         | 6,340         | 12,314        | 10,049        |
| Corrugated products   | 3,076         | 15,178        | 6,040         | 19,000        |
| Total for reportable segments   | 9,261         | 21,518        | 18,354        | 29,049        |
| Other activities and unallocated amounts                                | 1,674         | 466           | 1,442         | 779           |
| <b>Consolidated additions to property,<br/>plant and equipment, net</b> | <b>10,935</b> | <b>21,984</b> | <b>19,796</b> | <b>29,828</b> |

### Shipments

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Containerboard third party (in short tonnes)      | 186,541   | 179,589   | 343,585   | 346,258   |
| Containerboard intersegment (in short tonnes)     | 197,928   | 157,621   | 377,613   | 317,407   |
| Corrugated products (in thousands of square feet) | 3,406,930 | 2,684,383 | 6,332,365 | 5,153,429 |

## Notes to interim consolidated financial statements

(in thousands of Canadian dollars)  
(unaudited)

### **Note 1 Basis of Presentation**

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and contain all adjustments necessary to present fairly Norampac Inc.'s (the Company) financial position as at June 30, 2002 and December 31, 2001 as well as its results of operations and its cash flow for the six and three month period ended June 30, 2002 and 2001.

The interim consolidated financial statements and notes should be read in conjunction with the Company's most recent annual consolidated financial statements.

These interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements except for the changes described in note 2.

### **Note 2 Change in accounting policies**

#### **Foreign Currency Translation**

On November 2001, the CICA amended section 1650 "Foreign Currency Translation" which eliminates the deferral and amortization method for unrealized gains and losses on non-current monetary assets and liabilities, thereby removing a GAAP difference between Canada and U.S. The new guideline is effective for fiscal year 2002 and must be applied retroactively with restatement. Accordingly, net income for the six month period ending June 30, 2001 has been decreased by \$1,852, net income for the three month period ending June 30, 2001 has been increased by \$9,330 and 2001 opening retained earnings has decreased by \$5,764.

#### **Goodwill and Other Intangible Assets**

In July 2001, the CICA issued Handbook Section 3062 "Goodwill and Other Intangible Assets". Section 3062 requires the use of a non-amortization approach to account for purchased goodwill and indefinite-lived intangibles. Under the non-amortization approach, goodwill and indefinite-lived intangibles will not be amortized, but instead would be reviewed for impairment and written down and charged to earnings only in the periods in which the recorded value of goodwill and indefinite-lived intangibles exceeds their fair value. The adoption of Section 3062 requires the Company to use the non-amortization approach for goodwill related to business combinations initiated prior to July 1, 2001 and will reduce annual goodwill amortization by approximately \$7,477. The Company has adopted the discounted cash flow method as its new goodwill impairment methodology and has determined that as at January 1, 2002, there is no goodwill impairment.

#### **Designation of hedging**

Effective January 1, 2002, the Company designated a portion of the long term debt as a hedge of the net investment of its self-sustaining operations. As of January 1, 2002, any unrealized gains or losses on the hedged portion is offset against cumulative translation adjustments.

# Notes to interim consolidated financial statements

(in thousands of Canadian dollars)

## Note 3 Goodwill

|   | 2002    |
|---|---------|
| Carrying value of goodwill at the beginning of the period | 168,161 |
| Goodwill acquired from acquisitions (note 4)              | 33,195  |
| Other   | (1,160) |
| Carrying value of goodwill at the end of the period       | 200,196 |

|   | For the three month period<br>ended June 30, |                          | For the six month period<br>ended June 30, |                          |
|---|--|--------------------------|--|--------------------------|
|   | 2002   | 2001                     | 2002                                       | 2001                     |
|   |  | Restated<br>(see note 2) |  | Restated<br>(see note 2) |
| Reported net income for the period (note 2) | 20,769                                       | 35,696                   | 36,317                                     | 42,192                   |
| Add back: Goodwill Amortization, net of tax | -  | 1,852                    | -  | 3,704                    |
| Adjusted net income                         | 20,769                                       | 37,548                   | 36,317                                     | 45,896                   |

## Note 4 Business Acquisition

On January 2, 2002, the Company transferred the assets of its Paper Recovery Division, which were acquired on April 12, 2001 from Crown Packaging Ltd., to Metro Waste Paper Recovery Inc. ("Metro Waste") in exchange for an additional 18.5% common shares of Metro Waste. The Company's participation in Metro Waste increased from 27.5% to 46%.

On January 21, 2002, the Company acquired all the issued and outstanding shares of Star Container Corp. ("Leominster") a corrugated products converting plant located in Leominster, Massachusetts, near Boston, USA, for a total consideration of approximately \$50,489 (US\$ 31,310).

The above transactions have been accounted for using the purchase method and the accounts and results of operations have been included into the consolidated financial statements since their respective acquisition date. The allocation of the purchase price for the above acquisitions is as follows:

|  | Metro Waste <sup>(1)</sup> | Leominster    | Other        | Total         |
|--|----------------------------|---------------|--------------|---------------|
| <b>Net assets acquired (liabilities assumed) :</b>             |                            |               |              |               |
| Working capital  | 1,361                      | 5,140         | 1,525        | 8,026         |
| Property, plant and equipment                                  | 8,642                      | 18,771        | 1,109        | 28,522        |
| Other assets   | -                          | 139           | 60           | 199           |
| Goodwill, not deductible for tax                               | 3,153                      | 30,021        | 21           | 33,195        |
| Future Income taxes  | -                          | (3,582)       | (3)          | (3,585)       |
| Other long term liabilities                                    | (365)                      | -             | -            | (365)         |
| <b>Purchase Price</b>  | <b>12,791</b>              | <b>50,489</b> | <b>2,712</b> | <b>65,992</b> |
| <b>Less:</b>   |                            |               |              |               |
| Transfer of assets in exchange<br>of non monetary assets       | 12,791                     | -             | -            | 12,791        |
| <b>Cash paid net of cash and cash equivalents<br/>acquired</b> | <b>-</b>                   | <b>50,489</b> | <b>2,712</b> | <b>53,201</b> |

(1) The purchase price allocation for Metro Waste has not yet been finalized and is based on the Company's best estimate. Accordingly, the fair values of assets acquired and liabilities assumed could differ from the amounts presented in these interim consolidated financial statements. Effective January 2, 2002, the Company's interest in Metro Waste is accounted for using the proportionate consolidation method. For the six and three month period ending June 30, 2002 the Company's consolidated net earnings includes \$874 and \$284 respectively (six and three month period ending June 30, 2001- \$333 and \$157) of net earnings from Metro Waste.